

The purpose of this memo is to provide general guidance for the process of reconciling all the Federal Grant Appropriations (appropriation type 4FN) that have a negative BQ89 Unexpended amount. The main reason that an appropriation has a negative BQ89 Unexpended amount is that the Commonwealth did not receive revenue equal to the total of federally reimbursable expenditures or payroll transactions processed.

State Finance Law ([General Laws Chapter 29 § 26](#)) requires that all appropriations (irregardless of type) “shall not exceed the appropriations made therefore by the general court or the allotments made therefore by the governor.” To carry this directive forth departments are required to ensure that revenue for all federal grants are sufficient to make expenditures from appropriations approved by the General Court, so that revenues balance to expenditures by fiscal year. The federal grant weekly reconciliation exercise is the vehicle of ensuring that sufficient revenue has been received to fund federal grant expenditures.

The chart below presents a very simple view of an appropriation that has a negative BQ89 Unexpended amount. As you can see, the appropriation below has a negative BQ89 Unexpended amount (#3) of -\$22,039.79. The negative BQ89 Unexpended amount is calculated from Total Expenses (#1) of \$22,039.79 minus Linked Collected Earned Revenue (#2) of \$0.00. So, essentially this appropriation is under-collected by an amount of \$22,039.79. Below is from a BQ89 Level 2 screen:

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Budget Actuals

Pre-Encumbered:	\$0.00	Obligation Ceiling:	\$0.00
Encumbered:	\$0.00	Expenditure Ceiling:	\$0.00
Advances:	\$0.00	Uncommitted:	(\$22,039.79)
Accrued Expenses:	\$0.00	Unexpended:	(\$22,039.79)
Cash Expenses:	\$22,039.79	Uncommitted Estimated Receipts:	\$503.38
Total Expenses:	\$22,039.79		

Budgetary Amounts

Linked Revenue

Linked Collected Earned Revenue:	\$0.00	Primary Link Floor:	\$0.00
Net Linked Collected Earned Revenue:	\$0.00	Secondary Link Ceiling:	
		Summary Link %:	100.0000%

General Information

Top
Modified Budget Line Controls Previous Level Allotments Linked Revenues

Automated Central Draw (ACD)

ACD Process

The Automated Central Draw (ACD) process is an integrated MMARS process that nightly selects eligible financial and payroll transactions and creates a weekly bill to the federal payment agencies. Below is a detailed description Commonwealths ACD process,

MMARS selects all federal grant eligible financial and payroll transactions on a nightly basis and post those records to reimbursement holding table. .
On Friday night, after the warrant select has been processed, 3 jobs are executed in the nightly cycle. Job#1- Reimbursement Generation, Job#2 - Negative Draw Prevention and Job #3- Reimbursement Output.
OSC the accesses the various federal payment systems and attempts to draw the amounts listed on the CMIA Weekly Draw Status Report. Upon completion of the draw request OSC notes the status of the draw (successful or rejected) on the CMIA Weekly Draw Status Report
OSC forwards to the Office of the Treasurer (TRE) the CMIA Weekly Draw Status Summary Report detailing the successful and unsuccessful draw requests.
OSC and TRE reconciles the revenue and ensures MMARS is properly updated
OSC posts the (1) CMIA Weekly Draw Status Report and the (2) Historical CMIA Weekly Draw Status Report to the Comptroller's website.

Departments are required to monitor their grant activity on a weekly basis to that ensure that weekly requests are properly drawn. Upon completion of the weekly ACD cycle, department should commence their reconciliation process. The weekly reconciliation process should include the following:

Review CMIA Selection Report (NCA495W).
Review CMIA Historical Draw Status Report.
Identify rejected draws and develop a corrective action plan.
Ensure revenue is accurately posted to BQ88, BQ82 and BQ89. This must include the revenue postings for both the successful and unsuccessful draw requests.

ACD BQ89 negative unexpended balance remediation plan

Upon final posting of the Budget Fiscal Year revenue (approximately end of September) departments must identify all BQ89 negative unexpended balance appropriations. To assist in this, OSC will forward a report listing all BQ89 negative unexpended balance appropriations to the department CFO and grant liaison. The next step is to identify the funding source for the BQ89 negative unexpended balance appropriations.

Departments should then reference the CMIA Weekly Draw Status Summary Report to determine if there is a valid funding source to cover the BQ89 negative unexpended

balance. This analysis and any subsequent remediation will be done at both the Appropriation the Program level.

Valid funding sources could be: (1) successful draw revenue has not been posted to MMARS due to timing issue, (2) revenue was deposited into the wrong fiscal year, (3) redraw of rejected draw requests, (4) transfer rejected draws to a valid program, (5) modification to Beginning Balance and/or Balance Forward amounts.

If a department can not identify any valid funding source through CMIA Weekly Draw Status Summary Report analysis then the department may have to file for a supplemental appropriation to clear the deficiency as Commonwealth funds will need to pay for what should have been federal funds. Departments must notify the Office of the State Comptroller, Federal Grant & Cost Accounting Bureau immediately if they are in this situation.

Non-Automated Central Draw (NCD)

NCD Process

The Non-Automated Central Draw (NCD) is a process that the department manages the draw request to the federal payment agencies. Below is a detailed description of the Commonwealth's NCD process:

Departments review MMARS reports, MMARS views and adhoc queries to determine the accurate amount of grant expenditures that need be drawn. The procedures for determining the timing and the amount of the draw request are the responsibility of the department.
Departments prepare a CD document for the draw amount and forwards it to the Office of the State Treasurer.
The Department, the Office the State Treasurer or the Office of the State Comptroller draws the amount requested.
Upon receipt of the draw amount, the Office the State Treasurer enters the CD into to their Cash Management System and MMARS to record the successful draw. If the draw rejects TRE will notify the department

Departments are required to monitor their grant activity on a draw request basis to that ensure that weekly requests are properly drawn. Upon completion of the NCD draw request, department should commence their reconciliation process, which should include the following:

Review CMIA Selection Report (NCA496W).
Identify rejected draws and develop a corrective action plan.
Ensure revenue is accurately posted to BQ88, BQ82 and BQ89. This must include the revenue postings for both the successful and unsuccessful draw requests.

NCD BQ89 negative unexpended balance remediation plan

Upon final posting of the Budget Fiscal Year revenue (approximately end of September) departments must identify all BQ89 negative unexpended balance appropriations. To assist in this the OSC will forward a report listing all BQ89 negative unexpended balance appropriations to the department CFO and grant liaison. The next step is to identify the funding source for the BQ89 negative unexpended balance appropriations.

Departments should then determine if there is a valid funding source to cover the BQ89 negative unexpended balance. This analysis and any subsequent remediation will be done at both the Appropriation the Program level. Valid funding sources could be: (1) successful draw revenue has not been posted to MMARS due to timing issue, (2) revenue was deposited into the wrong fiscal year, (3) remediation of rejected draw requests, (4) modification to Beginning Balance and/or Balance Forward amounts.

If a department can not identify any valid funding source through departmental research and analysis then the department may have to file for a supplemental appropriation to clear the deficiency as Commonwealth funds will need to pay for what should have been federal funds. Departments must notify the Office of the State Comptroller, Federal Grant & Cost Accounting Bureau immediately if they are in this situation.

Parent – Child Departments Relationship

As indicated in previous memos and training sessions, it is ultimately the Parent department's responsibility to manage the grant award, as they are the signatories on the grant. However, it is the collective responsibility of both the Parent and Child department to identify and resolve all FY07 Negative Unexpended balances. It is recommended that the Parent Department be the singular voice communicating with the Office of the Comptroller to clear these issues.

The Office of the State Comptroller, Federal Grant & Cost Accounting Bureau is committed to working collaboratively with you to assist with the remediation guidance, research, analysis, plan development and implementation. If departments have questions or concerns they may contact Andrew Richardson @ 617-973-2456 (OSC Federal Grant and Cost Accounting Liaison).